

1 CHAIR JAMES: Commissioners, I would refer you back to
2 our agenda for today, and we are ahead of schedule. Now, we have
3 several options here. We could, if Dr. Gerstein is amenable to
4 that, go back to our community analysis, and do that this
5 afternoon, and that would keep tomorrow from being quite as
6 crowded.

7 What I would like to do if we decide to do that, is to
8 take a short break and give them the opportunity to set up, and
9 then we will come back and do that.

10 So with that we will take about a five or ten minute
11 break, and then we will come back together and complete that.

12 CHAIR JAMES: I do want to thank you all for your
13 flexibility, and being willing to come back this afternoon and
14 talk to us about our community analysis.

15 And, Dean, I understand you may have a few words you
16 want to say, as well, on some of the other subjects that have
17 been discussed today. I'm going to turn it over to you and we
18 are just going to have an informal time together.

19 DR. GERSTEIN: Thanks very much. I would just like to
20 preface the subject matter that I will return to that is the part
21 of this morning's analysis, by responding to the questions marks
22 that Charlie Clotfelter raised with regard to the lottery data.

23 And just two remarks. One is that the questionnaire
24 that regards lottery expenditures is probably the most complex
25 sequence of questions in the questionnaire, largely as a result
26 of, that it was built in a series of conversations between myself
27 and Philip Cooke, who is Charlie's partner.

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.

(202) 234-4433

WASHINGTON, D.C. 20005-3701

www.nealgross.com

1 And if Phil stands beneath no Commissioner when it
2 comes to wanting to have more, and more, and more information
3 come out of a limited range of instrumentation.

4 So it is very complex set of questions from which to
5 extract data, and while it is certainly conceivable that there
6 may be problems of coverage, there may be problems of
7 insufficiency in the extent to which it covers the dollars, it is
8 also possible that it just plain needs to be programmed more
9 accurately on the analysis side than it has been in the very
10 short time that Professor Clotfelter and his graduate staff have
11 been working on the data.

12 But I will, in the time we have to take a look at that,
13 make certain that we have analyzed that module, which we haven't
14 done prior to now. We did look at it to make sure that it looked
15 fundamentally okay before turning that data set over to the team
16 at Duke.

17 But we will run those analysis ourselves and make
18 certain that the data are thoroughly analyzed so that if there is
19 a problem, we will be able to look at it and try and reach some
20 determination.

21 I don't believe that there is a problem in the
22 direction of weighting and coverage, I think the most likely
23 problem is actually on the analytic side, but it is also possible
24 that people's responses, for reasons that we can try and asses,
25 fall short in the particular kinds of questions that he was
26 referring to.

27 COMMISSIONER BIBLE: Procedurally, when we get all the
28 cross tabs, and the final data, and your final report, will you

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.

(202) 234-4433 WASHINGTON, D.C. 20005-3701 www.nealgross.com

1 be back with us so that you can respond to questions that that
2 information may generate with us?

3 DR. GERSTEIN: Sure.

4 Let me resume the discussion of this morning, in which
5 we were going through the sections of the overview, and had
6 gotten to the point of the community data base.

7 And this is a discussion, there are two elements of the
8 analysis of the community data base. One element is a
9 statistical analysis which we undertook, and the second was a
10 series of case studies. We could think of these as a
11 quantitative and a qualitative look at the same issue, with, not
12 so much overlapping, I guess, as complimentary kinds of data.

13 The first piece, which we refer to here as the impact
14 of casino proximity, we analyzed the social and economic changes
15 that occurred in 100 randomly selected counties between 1980 and
16 1987.

17 The purpose of this analysis is to asses the effect of
18 a casino opening within a 15 mile radius of the county, or within
19 the county.

20 And in selecting these places, literally it is a random
21 sample of places in the U.S., and the places are within counties,
22 and the county is the basic statistical unit in most of the
23 federal data bases.

24 We found that five of the sampled communities were near
25 casinos, again, as measured by a 50 mile radius, and casino here
26 meaning one with at least 500 gaming devices in 1980. This
27 number had risen to 45 as of 1997, with most of them opening
28 somewhere in the late '80s or the early '90s.

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.

(202) 234-4433

WASHINGTON, D.C. 20005-3701

www.nealgross.com

1 And in many respects this kind of a sample in which
2 there are communities which had not changed in terms of their
3 status relative to access or proximity, others which had changed.

4 And so we can look over time at change in both kinds of
5 communities, they are randomly sampled. It really is, in many
6 ways, an ideal kind of observational set of data to look at.

7 In analyzing these, for each of these communities on an
8 annual basis were available, and in some cases data were not
9 available every year, but at intervals, such as every two years,
10 every three years, and in some instances, only every five years.

11 We looked at indicators from the Bureau of Labor
12 Statistics, from the National Center for Health Statistics, from
13 the Federal Bureau of Investigation, which keeps the uniform
14 crime reports, and the National Bankruptcy data, which we
15 obtained directly from the United States Courts.

16 There is another source, you told us, they had monopoly
17 on these data, but when we called up the U.S. Courts it turned
18 out it is because they are the only people that ever ask for it.

19 These data, in addition to the information about
20 gambling expenditures, which are estimated by Christiensen
21 Cummings Associates as part of their work, but which we really
22 used to make certain we were fixing clearly on the dates at which
23 activities related to casino operations were active in the
24 vicinity of these places.

25 To analyze these data we built some very
26 straightforward statistical models that have the specific
27 application of looking at different groups, and their extent of
28 change over time.

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.

(202) 234-4433 WASHINGTON, D.C. 20005-3701 www.nealgross.com

1 Modeling exercise, which is what statisticians do with
2 data like this means that you build a series of equations that
3 you think define the relationships, but they have within them the
4 possibility that relationships may be positive, negative, or
5 zero, and then you apply the data to the model and you find out
6 how well they fit.

7 And that is the exercise that we undertook here in
8 order to see what we could learn from this community data base.

9 The results of this analysis, which are laid out in a
10 series of tables in the report are fairly straightforward, I
11 think, and that is why I've tried to put these in fairly short
12 terms.

13 What we found in looking at these data sets are that
14 the overall rates of bankruptcy, of health indicators, and of
15 crime rates, and I say rates per capita, emphasized, that we are
16 looking at rates over population, we are looking at events over
17 population, because the populations of these communities change,
18 you can't just look at the amount of something without
19 controlling it.

20 We found that bankruptcy, health and crime rates were
21 basically unchanged as an effect of the proximity of casinos.
22 And, again, this is controlling for all the other kinds of
23 changes that one can look at over time, because we have places
24 that are and are not in a situation of change of casino
25 proximity.

26 We found that unemployment rates, welfare type outlays
27 by the local government and outlays in the form of unemployment
28 receipts and compensation all fell as a result of casinos
29 opening, by -- the range of these variables was 12 to 17 percent.

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.

(202) 234-4433 WASHINGTON, D.C. 20005-3701 www.nealrgross.com

1 Now, what this means is that the unemployment rate was,
2 say, 6 percent, it went down by 16 percent of 6 percent, which is
3 to say, in general unemployment rates fell by a point.

4 When we looked at specific kinds of earnings, so within
5 the kinds of jobs, the kinds of sectors, found that construction,
6 hospitality, which is hotel and lodging, transportation, the
7 recreation and amusement sector, that earnings in all of these
8 rose, and they rose by substantial amounts.

9 Although in most of these communities some of these
10 sectors were not very large to begin with, so when they rose,
11 relatively, by a substantial amount, that isn't necessarily an
12 absolute amount joining up very much.

13 We did note that bar and restaurant, that is distinct
14 from bars and restaurants that might be a part of hospitality,
15 but that is independent bar and restaurant earnings fell.
16 General merchandise earnings fell, and in all other sectors there
17 were no changes.

18 So there appeared to be a kind of a movement of the
19 kinds of jobs people had. We found, overall, the capital income
20 in communities stayed the same. And I should note that all of
21 these dollar figures were controlled, adjusted for inflation, for
22 CPI, so that we are looking at what the economists call constant
23 dollars, rather than nominal dollars.

24 The conclusion, I think, based on looking at these
25 data, is that as a result of casinos opening in proximity to
26 these areas, there were more jobs. There was a different mix of
27 jobs, as we saw some transit into the hospitality, into
28 construction, including housing construction. Only the
29 construction associated directly with building a casino, but with

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.

(202) 234-4433 WASHINGTON, D.C. 20005-3701 www.nealgross.com

1 the increase in the numbers of people and influx of -- into the
2 labor pool, moving there.

3 So there is a difference of jobs. But in terms of per
4 capita income the jobs didn't appear to be better, they appeared
5 to be similar to the ones that were there in terms of per capita
6 earnings.

7 COMMISSIONER WILHELM: Dean, can I ask you a question
8 about that?

9 DR. GERSTEIN: Yes.

10 COMMISSIONER WILHELM: The -- I understand the point
11 that per capita income and constant dollars stayed the same. But
12 on the other hand several kinds of transfer of payments from
13 unemployment and welfare, and stuff like that were reduced.

14 DR. GERSTEIN: That's right.

15 COMMISSIONER WILHELM: In the per capita income for the
16 base period, compared to which the later period was the same,
17 were the transfer of payments a part of per capita income in the
18 base period?

19 In other words, was there a change, even though per
20 capita income didn't change, was there a change from government
21 benefit payments to wages?

22 DR. GERSTEIN: Yes, you are absolutely right. So there
23 is, in essence, people -- this additional set of jobs increased
24 people's incomes, and this compensated to some extent for the
25 reduction in transfer.

26 And although transfer payments on the whole are a
27 relatively small part of the overall earnings base in these
28 communities, because they don't have, relative to -- I mean, they
29 are not by and large very high unemployment areas, although they

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.

(202) 234-4433 WASHINGTON, D.C. 20005-3701 www.nealgross.com

1 are not in the most part -- for the most part dynamic, that is
2 true. There was some shift into people getting money from jobs
3 rather than getting money from transfer payments.

4 COMMISSIONER WILHELM: So if you were to make the same
5 measurement, and I'm not arguing with the measurement you made,
6 but just so I understand it, if you were to make the same
7 measurement, not with regard to per capita income, but with
8 regard to wages, wage income, there would have been an increase?

9 DR. GERSTEIN: It could be, could be. I think if the
10 earnings, if these earnings are strictly -- I would have to look
11 at the table, in fact.

12 COMMISSIONER WILHELM: I thought that was out of the
13 table, but I couldn't be sure.

14 DR. GERSTEIN: It looks like net earnings. What I
15 don't see is, in general, is that there is any significant change
16 in either net earnings or in total income. So the implication of
17 that is that the changes in transfer, unemployment, etcetera,
18 just don't affect overall income very much, because they are
19 relatively small, in looking at the numbers in this table on page
20 54.

21 COMMISSIONER WILHELM: I understand your point about
22 their being small in proportion to the total community, in and of
23 themselves --

24 DR. GERSTEIN: But for the people who have gone off a
25 transfer payment scheme, and have a job instead, that certainly
26 is a change.

27 COMMISSIONER WILHELM: Okay, that is helpful, thank
28 you.

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.

(202) 234-4433

WASHINGTON, D.C. 20005-3701

www.nealgross.com

1 COMMISSIONER BIBLE: But this is on a per capita basis,
2 not per individual?

3 DR. GERSTEIN: This is per capita. As I said, there
4 are clearly more jobs.

5 COMMISSIONER BIBLE: There are more jobs.

6 DR. GERSTEIN: More people working.

7 COMMISSIONER BIBLE: And what you are saying is that
8 the base wage may not have changed, or if it has changed it has
9 changed like a one percent increase, or something of that nature?

10 DR. GERSTEIN: That is what the data seem to conclude.

11 COMMISSIONER LEONE: What is the base year for the
12 income per capita calculation? I mean, it is constant dollars,
13 but off what year, is it '87?

14 DR. GERSTEIN: I don't recall.

15 COMMISSIONER LEONE: I wonder why the 16 is below the
16 current per capita income in the country, by a significant
17 amount. Which is give or take around 20. And I just wonder if
18 these 100 counties are poorer counties, which would be plausible,
19 given where a lot of casinos are located, than -- or if there is
20 some other reason that you are working off a base here where it
21 is 16,000.

22 It has also been, well, it has been -- well, most
23 workers have been -- had their income static or declining, per
24 capita income has gone up during this period because the top
25 workers have done a lot better.

26 So I wonder how these 100 counties, compared to the
27 country as a whole?

28 DR. GERSTEIN: I will have to ask the statistician who
29 did this which year was --

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.

(202) 234-4433 WASHINGTON, D.C. 20005-3701 www.nealgross.com

1 COMMISSIONER LEONE: The country wouldn't look like
2 this, is what I'm saying, over this period, whatever the base
3 year was.

4 DR. GERSTEIN: I think --

5 COMMISSIONER LANNI: Is it possible, Dean, that part of
6 the answer to that is that many of the positions in casino
7 companies are tipped positions, and you may only be using the
8 base pay?

9 COMMISSIONER LEONE: It says total income.

10 COMMISSIONER LANNI: I know, but I just don't know if
11 that is including the tips or not. That would be a factor, I
12 just don't know what the answer is. You had all the benefits,
13 but --

14 DR. GERSTEIN: Yes, I don't know the answer to that,
15 either. I think that is something we are going to have to look,
16 we can certainly look at the data and see whether tipping comes
17 included.

18 I would be inclined to think that it was, insofar as,
19 ordinarily when BLS collects income data they ask people to
20 include tip income, just as the IRS does. We can certainly look
21 at that data series to be sure, and I will determine, and simply
22 get back to you to indicate what the reference year is for the
23 constant dollars.

24 COMMISSIONER WILHELM: There is also, in terms of
25 Richard's comparison to the 20,000 figure, there is the question
26 of whether you held the dollars constant forwards or backwards,
27 that is in the base year or in the --

28 COMMISSIONER LEONE: Well, that is what I'm -- there
29 still should have been some growth, and particularly given the

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.

(202) 234-4433

WASHINGTON, D.C. 20005-3701

www.nealgross.com

1 other things that the survey says, why would these counties have
2 not had an increase in per capita income if all these other
3 things were no worse, and in some cases better.

4 COMMISSIONER WILHELM: Conceptually you could imagine a
5 lot of things. I mean, for example more people is certainly one,
6 because people tend to move to these places where there are jobs
7 available.

8 COMMISSIONER LEONE: But unemployment is not up, so
9 they move into jobs.

10 COMMISSIONER WILHELM: Well, that is typically true. I
11 mean, in Las Vegas people come and unemployment is down. People
12 come in droves to Las Vegas, but the unemployment rate has held
13 reasonably steady.

14 The other variable, depending on, again, where these
15 things are, a significant number of communities that have
16 initiated casinos have been places that used to have significant
17 sources of employment that are gone. For example in Illinois,
18 and some of the cities that initiated riverboats, they used to
19 have significant numbers of high paying manufacturing jobs, which
20 in the precise interval you studied, left.

21 COMMISSIONER LEONE: I mean, it is possible that there
22 is a coincidence that the average per capita income at the
23 beginning of this period is the same, at the end of this period,
24 in spite of all the changes that went on here, and in the country
25 at large. I mean, obviously that is what makes this statistic so
26 interesting.

27 COMMISSIONER WILHELM: But you are right that it is
28 unusual.

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.

(202) 234-4433 WASHINGTON, D.C. 20005-3701 www.nealgross.com

1 COMMISSIONER LEONE: It is just interesting, I just
2 wonder about it.

3 DR. GERSTEIN: Okay, I will try and answer the question
4 that I can't now. I don't recall that actual base year being in
5 the tables when I looked at them. So I will find out.

6 There is some suggestion in the case studies, which are
7 the next item, that seem to go along with, and perhaps provide,
8 some suggestion about why in the 100 communities statistical
9 analysis we saw what we saw.

10 But, of course, this is really an attempt to look at
11 two different things that perhaps bear on each other, and give us
12 a little better insight.

13 In this instance we selected at random ten places, a
14 place being a term that the Bureau of the Census uses to define a
15 population center.

16 And, again, using the same criterion that the places
17 are each ones in which a major casino opened, that is within a 50
18 mile radius.

19 In each of these we selected and used mostly Internet
20 resources, and then a little sort of snowball sampling within the
21 community, seven or eight individuals.

22 In general we were looking, within each community, for
23 someone in each of these categories, planning or business
24 development, Chamber of Commerce, an attorney, ordinarily meaning
25 either an attorney involved in the criminal bar, or in
26 development and planning. A news editor, a clinician. In fact,
27 there are usually a couple of clinicians, either in the mental
28 health services, or social services, and a member of the local
29 police, or sheriff, depending upon what was organized.

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.

(202) 234-4433 WASHINGTON, D.C. 20005-3701 www.nealgross.com

1 We had a questionnaire which I would be happy to share
2 with you. It will certainly be copied in our final report, in
3 which there are a series of what we thought of as core items,
4 that were asked of everyone, and then some role-specific items
5 designed to enquire into the specific area that the person's role
6 suggested they would have some special ability to discuss with us
7 on the telephone.

8 In every case these were directed at trying to answer
9 the question, in essence what they could say about, based upon
10 their general experience, as well as their ability to look at
11 data that might be in their domain of expertise, about the impact
12 on their community of the proximity of the casino that had opened
13 in the recent past.

14 One thing we did nearly universally achieve was to talk
15 to people who had been in the community for a substantial enough
16 period of time that they could speak to this on the basis of
17 before and after, and not simply on the basis of having arrived
18 there a year or two ago. And we document, to some degree here.

19 And in the report pick out a couple of communities,
20 more to demonstrate sort of the end points of the range of kinds
21 of response between communities.

22 And I should add that we have made every effort here to
23 avoid identifying information about the communities, including
24 the fact that all these names that we have applied are the names
25 of places in Canada, none of them are in the U.S.

26 And, again, I've tried to summarize these results in a
27 couple of overheads. And what we have tried to do here is to
28 summarize what we were told, since most of the folks we talked to
29 were fairly articulate.

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.

(202) 234-4433 WASHINGTON, D.C. 20005-3701 www.nealrgross.com

1 Firstly, just in terms of the effect on other gaming
2 facilities, literally the majority of the places, someone or
3 multiple people reported that one or more racetracks had either
4 moved or gone bankrupt when the casino opened. Competition for
5 gaming dollars.

6 We see, sort of in micro here, what we've seen to some
7 extent in macro, as we've had a succession of facilities and
8 industries within the general community of gaming.

9 People said, very explicitly, casinos in nearly every
10 case, they either create new jobs in themselves, but the fact of
11 having a casino does not sort of cure unemployment in the area.
12 I'm not sure anyone might expect that, although some people
13 expect miracles whenever new industry opens.

14 This was said repeatedly, that the jobs are often
15 relatively low paying, or part time, and without benefits. And
16 without, really, specific reference to the casino industry, in
17 many of these communities, people indicated that having large
18 numbers of people who are working poor, who had jobs but weren't
19 making a lot of money was viewed as a community problem, in
20 contrast to lots of people not having jobs at all.

21 That is, people who do need community services, have
22 trouble making ends meet, have financial problems. And let me
23 again say this is not -- this is a problem because of, or even in
24 relation to casinos, it is a fundamental community problem.
25 People whose earnings, when they work, are not very high.

26 They did reiterate something we had seen in the
27 statistical data, that the hospitality industry, housing and
28 hotels, that housing construction, specially, and other jobs were
29 clearly created as a consequence of the casino arriving in the

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.

(202) 234-4433

WASHINGTON, D.C. 20005-3701

www.nealgross.com

1 community, generating other kinds of industries, it generates
2 employment.

3 There was consistent mention that indebtedness seemed
4 to increase. There was, in different areas, different sort of
5 views about this, one of which was that people who already were
6 having trouble making ends meet, as a result of seeing new jobs,
7 would move into the community from elsewhere.

8 And thinking that they were going to do well now that
9 they had a job, would run up credit, and again not necessarily
10 gambling credit, they would just spend more money than they had,
11 and exacerbate their existing problems.

12 Despite the statistical evidence in which at least
13 looking at, I should specify in the statistical data we were
14 looking at major crimes, and we were unable to detect any changes
15 in major crime rates.

16 And I should note that what are called part II offenses
17 in the FBI data, we've had a difficult time getting from the FBI,
18 and then being able to analyze. And those part II offenses are
19 the ones that go more into white collar, and misdemeanor, and
20 less the sort of personal property crime.

21 We heard substantial, in every community literally, a
22 widespread perception that there had been increases in crime by
23 youth, and forgery and credit card theft, and domestic violence,
24 in child neglect, in gambling problems per se, and in alcohol and
25 drug offenses.

26 And in some ways this is a conundrum that we can't
27 resolve, that we don't see this in the statistical data, but we
28 did hear this from people who live in the communities. So
29 whether there are, and one possibility clearly is that instances

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.

(202) 234-4433 WASHINGTON, D.C. 20005-3701 www.nealgross.com

1 drive people's perception, whether the instances are, in fact,
2 statistically widespread, or significant, or not.

3 That is one possibility that what we see is people
4 responding to things that they see that occur, even though in the
5 larger scheme of the whole trend of things in the community they
6 don't add up to a lot.

7 That draws to a conclusion about what we've been able
8 to pull together from looking at these case studies, which were
9 part of our responsibility, and part of our contract that we will
10 deliver. I'm not sure we can get it all delivered by the 15th.

11 COMMISSIONER WILHELM: Dean, I, as you will recall from
12 the Research Subcommittee, I expressed, along the way, a good
13 deal of concern about whether or not NORC was approaching the
14 community data base study with sufficient concentration and
15 attention.

16 And I, particularly, in view of having made those
17 comments on more than one occasion, I want to say that with
18 respect to the community data base study, it is my opinion that
19 -- and I want to make both this comment and the next comment
20 quite apart from any specific result.

21 I think with respect to the community data base study
22 that you did an excellent job of delivering exactly what was
23 asked for, and I appreciate that, because that was the subject of
24 considerable interest to me.

25 At the same time I'm disappointed in the case study.
26 In hindsight it may be that we asked you to do something that was
27 inherently impossible to do with any particular depth. And if so
28 that was our fault and not yours.

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.

(202) 234-4433 WASHINGTON, D.C. 20005-3701 www.nealrgross.com

1 But there are several things that, to me, are sort of
2 missing from the case study part. Just as an example, it seems
3 to me that amongst the type of people that you consulted it would
4 have been, and it is hindsight now, but it would have been a good
5 idea to consult either an employment specialist with the state or
6 local government, or a union leader, or somebody who knows
7 something about employment.

8 And, likewise, given the employment patters in the
9 casino industry, I think it would have been a good idea, unless
10 some of these folks were included within the other categories you
11 listed, to consult leaders in the minority community, since that
12 is where a lot of the jobs, particularly in new casinos tend to
13 come from.

14 I also think that the case studies present yet another
15 example of a point that is often missed, and not only in what
16 you've done in this particular thing, but is often missed in a
17 lot of the discussion and presentation before our Commission,
18 which is the differences with respect to employment and I believe
19 with respect to some of the problem gambling, and youth gambling
20 issues as well.

21 The differences among and between the kinds of
22 facilities that are lumped under the heading casino. Certainly
23 with respect to jobs.

24 Destination resorts tend to produce more full time
25 jobs, more jobs with benefits, more jobs that are secure and
26 stable, as compared to other smaller facilities that people often
27 call casino.

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.

(202) 234-4433

WASHINGTON, D.C. 20005-3701

www.nealrgross.com

1 That is a distinction that we have discussed many times
2 in the Research Subcommittee, but I fear we haven't really
3 fleshed out.

4 So in the case of the case studies, for example, I
5 think it would be interesting to know whether the kinds of
6 facilities that produce the kinds of community reaction that you
7 are talking about were on the destination resort end of the
8 casino spectrum, or whether they were on the other smaller end.

9 Likewise I think it would be of some relevance to know
10 whether or not they were unionized. I think there is a
11 considerable amount of body of evidence here, in the record of
12 the Commission that says that unionized casinos are more likely
13 to produce "better jobs" than non-union.

14 And, finally, I was mystified by the selection of
15 communities for the case studies, in one particular respect. And
16 that is that out of ten communities, I'm going by memory here,
17 but at least two and maybe three were approximate to the two
18 Indian casinos in Connecticut, which struck me as kind of an odd,
19 you know, tilt.

20 And it is the case that those casinos tend to have
21 considerable number of part time jobs, for example.

22 So using those kinds of issues as examples, I thought
23 -- I was disappointed in the case study part. And, again, it may
24 be that we gave you an assignment that couldn't be carried out
25 with any kind of particular depth in the time or dollars that we
26 made available.

27 So that may well not be your fault. But I did
28 particularly want to emphasize, in view of some of the previous

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.

(202) 234-4433 WASHINGTON, D.C. 20005-3701 www.nealgross.com

1 discussions in the subcommittee, I think you did a thorough and
2 good job on the community data base, and I appreciate that.

3 DR. GERSTEIN: Thank you. I think trying to cover a
4 lot of bases with ten sites is difficult. And, again, obviously
5 with the benefit of hindsight, and a different funding base,
6 doing this in a lot more instances might have been able to speak
7 to some of the differences that with that small a number you
8 can't compare.

9 I will look into both the point of what kinds of
10 casinos, in particular, I think the dimension of union, and the
11 dimension to what extent these are resort destination style is
12 certainly we can add to the points that we make in addressing
13 that case study results.

14 COMMISSIONER WILHELM: Thank you.

15 COMMISSIONER MCCARTHY: Madam Chair, John Wilhelm's
16 questions prompt me to make this suggestion.

17 Among, I hope, what will be a number of well framed
18 suggestions for future areas of research, I think maybe now that
19 our contractors have the experience that they have in this area,
20 it would be also very useful if they would give the Research
21 Subcommittee, and the full Commission, their specific thoughts
22 on, not only -- first on how we might have better designed some
23 of what we did, such as the ten case studies.

24 You know, it may just be numbers for a greater
25 selection. It may be, obviously, with 30 case studies you could
26 do a lot better. But whatever suggestions there might be.

27 And, in addition, specifically, what next steps should
28 be taken as far as research are concerned. We should ask those
29 questions, I think, of our main contractors.

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.

(202) 234-4433 WASHINGTON, D.C. 20005-3701 www.nealrgross.com

1 Thank you.

2 COMMISSIONER LOESCHER: Madam Chair, I've listened to
3 this all day, and maybe I'm missing something. But I noticed in
4 the front section of the first part of the presentation this
5 morning that the work doesn't really draw any conclusions, not
6 any organized or in-depth conclusions.

7 There were some along the way that we heard from your
8 group. At what point do we get some conclusions out of this
9 group with regard to the work that they have done? Do you have
10 any --

11 COMMISSIONER MCCARTHY: You are looking at me, so I
12 will answer. I think that is maybe more our job, probably, than
13 this particular contractor's. I think maybe what we would want
14 to do is look at the body of information they have given us, and
15 then start to develop findings and recommendations.

16 Well, the findings will be pretty much what they have
17 given us, and then try to fashion recommendations based on those
18 findings that would be included in the final report.

19 I think that is what the Chair is asking the
20 subcommittees to do. Now, the Research Subcommittee has not done
21 that, and is certainly not prepared to do that at this meeting,
22 because the reports just came in, and they are not even complete
23 yet.

24 So, hopefully, by the time we meet again in March we
25 will have a number of specific things to say.

26 CHAIR JAMES: And in fairness to our --

27 COMMISSIONER MCCARTHY: To recommend for your
28 consideration.

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.

(202) 234-4433 WASHINGTON, D.C. 20005-3701 www.nealrgross.com

1 CHAIR JAMES: In fairness to our contractors, as well,
2 they are here today to give us their preliminary -- I hate to
3 even use the word findings at this point in the process,
4 recognizing that the data is not yet completely analyzed.

5 And so I think in a sense we are a little premature
6 with perhaps even trying to draw any conclusions or findings at
7 this particular point, or recommendations based on this. So it
8 is with anticipation that we wait those final conclusions.

9 Additional discussion on the community analysis?

10 (No response.)

11 CHAIR JAMES: Again, I want to thank you for being here
12 today, and for your flexibility in splitting your presentation
13 from this morning to this afternoon.

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.

(202) 234-4433 WASHINGTON, D.C. 20005-3701 www.nealgross.com